



21 December 2020

**ASX Limited
Market Announcement**

Think Childcare Group (ASX Code: TNK)

Update on CY2020 trading and earnings guidance and update on indicative proposals from Alceon Group and Busy Bees

Update on CY2020 trading and earnings guidance

Think Childcare Group (ASX: TNK) (**Group**) is pleased to provide an update to its previous CY2020 earnings guidance (2 November 2020).

On 2 November 2020 with 10 months of trading then completed and the impacts of COVID-19 having dissipated with the gradual easing of restrictions and lock downs in Victoria, the Group updated its guidance of CY20 Group EBITDA (underlying) to \$22.0m - \$23.0m.

The Group is pleased to report that trading in November 2020 was above expectations. The outperformance in November was driven by strong recovery in headline revenue and continued roster management and cost controls.

As a result, Group EBITDA (underlying) for the 11 months to 30 November 2020 is ahead of the previous full year guidance range with one month of trading remaining.

Given positive general business conditions in December 2020, the Group's guidance range for CY2020 is expected to be \$24.0m - \$25.0m. Further details are set out below:

| CY2020 Guidance EBITDA (underlying) | Previous Guidance (2 November 2020) | Updated Guidance |
|--|--|-------------------------|
| Think Childcare Limited (TNK) | 25.0m - 26.0m | 27.5m - 28.5m |
| Think Childcare Development Limited (TND) | (0.5m) - 1.0m | 0.5 - 1.0m |
| Group (after elimination) | 22.0m - 23.0m | 24.0m - 25.0m |



Think Childcare Group

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TNK and TND operations update

Strong cash position and facility headroom

The Group has a strong cash position and facility headroom with a closing cash position at 30 November 2020 of \$22.1m (after payment of \$4.6m for the acquisitions from third party incubators of 2 purpose-built Nido child care Services, as announced on 16 November 2020) and facility headroom of \$23.8m.

Growth Pipeline TNK and TND

TNK has a pipeline of 50+ Services through external and internal (TND) incubator partners of which approximately 25 are forecast for acquisition in CY21 and 25 in CY22. TND developed Services will represent approximately 60% of those Services expected to be acquired in CY21 and 80% of the Services expected to be acquired in CY22. The expectation is that a similar level of growth will continue for TNK in CY23.

To this end, TND has entered into agreements for lease or agreed terms on a further 11 greenfield sites, taking the current TND pipeline to 39 Services to be developed over the next 24 months. The expectation is that TND will continue to add to its development pipeline as Services are sold to TNK.

Risk of award underpayment remote

At the start of 2020, the Group conducted its own review of any potential award payment non-compliances and its own award employee controls and procedures. As expected, it concluded that the risk of award underpayment was remote. Irrespective, we have further enhanced our systems and protocols to ensure we remain compliant.

Update on indicative proposals from Alceon Group and Busy Bees

The Group refers to the following announcements in relation to unsolicited, non-binding indicative proposals to acquire 100% of the Group:

- On 16 November 2020, from Alceon Group Pty Ltd (**Alceon**) for a consideration of \$1.35 per security. Alceon had indicated that it is willing to offer all cash consideration or a combination of cash and unlisted shares (subject to caps, scale back provisions and legal/regulatory considerations) in a newly incorporated holding company (**Alceon Proposal**); and
- On 23 November 2020, from Busy Bees Early Learning Australia Pty Ltd (**Busy Bees**) for an all cash consideration of \$1.75 per security (**Busy Bees Proposal**).

An Independent Board Committee (**IBC**) was formed following receipt of the Alceon Proposal.

Alceon was granted a period of exclusivity under the Process Deed up until 18 December 2020 to complete its due diligence.

After careful consideration, the IBC provided Busy Bees with access to non-exclusive due diligence following receipt of their proposal.

The IBC notes that Alceon has not submitted a counter proposal under its matching right; the Process Deed with Alceon has now expired and Alceon has informed the board that it does not intend on submitting a binding proposal.

The Group continues to have discussions and is facilitating due diligence with Busy Bees.

There can be no certainty that the Busy Bees Proposal will eventuate into a binding transaction and securityholders are reminded that they do not need to take any action in relation to the proposal.

The Group will keep the market informed in accordance with its continuous disclosure obligations as matters progress.

Moelis Australia is acting as financial adviser and MinterEllison is acting as legal adviser to the Group.

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For further information, please contact:

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This announcement has been authorised for release by the Board of directors of Think Childcare Limited and Think Childcare Development Limited